

RESPONSIVE TESTIMONY OF
ERIC H. BELL, P.E.
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2021-88-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Eric H. Bell. My business address is 220 Operation Way, Cayce,
4 South Carolina. I am employed by Dominion Energy Services, Inc. as the Manager-
5 Electric Market Operations for Dominion Energy South Carolina, Inc. (“DESC” or
6 the “Company”).

7
8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS PROCEEDING?**

9 A. Yes, I previously submitted Direct and Rebuttal testimony in this matter on
10 behalf of DESC.

11
12 **Q. WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY?**

13 A. In my testimony, I respectfully respond to certain matters raised in the
14 Independent Report on Dominion Energy South Carolina, Inc.’s 2021 Avoided Cost
15 Proceeding prepared and submitted by London Economics International, LLC on

1 September 16, 2021 (“LEI Report”). Specifically, I am responding to the LEI
2 Report’s conclusions and statements regarding the following:

- 3 • the conclusion that there should be a single avoided energy rate versus
4 separate solar and non-solar avoided energy rates as proposed by DESC
5 and previously approved by the Public Service Commission of South
6 Carolina (“Commission”) (§ 4.3.3.3);
- 7 • the suggestion that the proposed Southeast Energy Exchange Market
8 (“SEEM”) could be used to minimize the Company’s Variable
9 Integration Charge (“VIC”); and
- 10 • the recommendation that DESC be required to procure new renewables
11 pursuant to a request-for-proposal (“RFP”) process (§ 7.1.4).

12 **SOLAR-SPECIFIC ENERGY RATES**

14 **Q. DOES THE LEI REPORT RECOMMEND A SINGLE ENERGY RATE FOR**
15 **SOLAR AND NON-SOLAR?**

16 A. Yes. In § 4.3.3.3, the LEI Report recommends a single rate, which is
17 characterized as a “technology-neutral energy rate,” and states that avoided costs
18 “should be based on utility costs, rather than the nature of the technology receiving
19 the rate.”
20

1 **Q. WHAT IS YOUR RESPONSE TO THE CHARACTERIZATION OF A NON-**
2 **SOLAR TIME OF PRODUCTION RATE AS A TECHNOLOGY NEUTRAL**
3 **RATE?**

4 A. I respectfully disagree with this characterization. The use of separate solar
5 and non-solar avoided energy rates is not because of any technology bias but
6 because the level of costs that a QF allows the Company to avoid depends heavily
7 on the QF's expected energy profile, which in turn varies greatly between solar and
8 non-solar QFs. The DESC production models do not place a value on technology,
9 but instead identify the utility costs that can be avoided by an energy profile without
10 regard to the QF technology.

11 The fact that the differences in solar and non-solar rates are not technology
12 driven is demonstrated by the fact that, even though it incorporates solar technology,
13 solar paired with energy storage has a higher avoided cost than solar only. This is
14 because the energy profile of solar with storage has a substantially different energy
15 profile that allows the solar developer to control the hours of energy delivery to a
16 greater extent, which in return allows the Company to avoid more costs than does
17 solar only profile. Consequently, solar with storage can be fairly valued by using
18 Time of Production ("TOP") rate schedules, but solar-only QFs cannot for the
19 reasons I have explained in my Direct and Rebuttal Testimony previously filed in
20 this proceeding.

1 Thus, the technology is not the cause of the lower avoided costs reflected in
2 the solar-only avoided cost rates; the differing avoided costs between solar and non-
3 solar QFs are attributable to their quantifiably different energy profiles. Moreover,
4 PURPA's must-take provisions, when selected by the PURPA QF, contribute to an
5 over-supply of solar energy and result in the inclusion of low value hours in the
6 avoided cost calculation. This is a crucial point because DESC customers should
7 not be made to subsidize the contractual requirements of the sellers, particularly
8 when the sellers could eliminate this contractual requirement. Eliminating the solar-
9 only rate and not recognizing the difference in value will, in effect and in practice,
10 shift costs from the sellers to DESC customers. Solar-only QFs should not be
11 associated with non-solar QFs as the profiles have different values and the
12 corresponding rates should fully benefit DESC's customers.

13 Finally, it also is important to note that South Carolina Office of Regulatory
14 Staff ("ORS") Witness Horii supports the conclusion that solar-only QFs should not
15 be allowed to use the TOP rate schedules. Witness Horii calculated that, due to the
16 differences in solar and non-solar, allowing solar to use the TOP rates proposed for
17 non-solar "would overcompensate solar generators by 7%."¹ These are real excess
18 costs that customers would have to pay, and requiring them to do so would be

¹ I further note that, by DESC's calculations, allowing solar-only providers to use the TOP rates with LEI's proposed modifications would overstate solar-only avoided costs by as much as 10.35%. At a minimum, then, applying the TOP rates to solar-only providers would impose costs on customers at least 7% higher than the appropriate costs actually attributable to those providers.

1 contrary to the principles outlined by the South Carolina General Assembly in S.C.
2 Code Ann. § 58-41-20(A), which requires that avoided energy rates should “fully
3 and accurately reflect the electrical utility’s avoided costs,” and § 58-41-20(B)(1),
4 which requires that “any decisions by the [C]ommission shall be just and reasonable
5 to the ratepayers of the electric utility.”
6

7 **Q. AND HOW DO YOU RESPOND TO THE LEI REPORT’S CONCLUSION**
8 **THAT COSTS OF INTEGRATION ARE ALREADY ADDRESSED**
9 **THROUGH THE VIC?**

10 A. I respectfully disagree that having a VIC means that there are no differences
11 between the avoided energy costs of solar and non-solar QFs. The VIC, as identified
12 by DESC in Docket No. 2019-184-E, solely represents a single cost resulting from
13 the intermittent nature of solar-only: the need for increased operating reserves. The
14 proposed VIC, which is \$3.43/MWH for additional solar-only (Company Witness
15 David’s proposed Tranche 2), represents a single integration cost, but as seen in
16 other dockets and jurisdictions, other integration costs exist as well. In addition to
17 the integration cost represented by the DESC VIC, other costs exist for solar QFs as
18 compared to non-solar QFs due to the solar-only energy profile, the intermittent
19 nature of solar-only output, and the abundance of solar-only facilities on the DESC
20 system. In this Docket, the proposed DESC solar-only avoided cost rates recognize
21 all of the solar-only energy profile avoided cost benefits, and reductions in benefits

1 like inflexibility, production in only daylight hours, and production similar to
2 hundreds of megawatts of existing solar are recognized by the production cost
3 models. The value to DESC's customers is accurately represented by the DESC
4 proposed solar-only rate and VIC, while LEI's proposed values will
5 overcompensate solar generators by over 10%.

6
7 **SEEM COMMENTS**

8 **Q. DO YOU AGREE WITH THE LEI REPORT'S SUGGESTION THAT THE**
9 **PROPOSED SEEM COULD BE USED TO MINIMIZE THE COMPANY'S**
10 **VIC?**

11 A. Respectfully, I do not agree. The Company is in agreement with conducting
12 a statewide renewable energy integration study as contemplated by Act No. 62 that
13 includes an independent analysis by Balancing Area, and supports considering the
14 SEEM as part of evaluating the addition of renewable energy sources statewide. The
15 SEEM, if approved by FERC, certainly should be considered in the statewide energy
16 integration study.

17 But the Company disagrees that the SEEM is available to reduce the VIC.
18 The SEEM would be implemented to improve the economy and reduce the error of
19 intra-hour balancing of balancing areas in the Southeast; this does not impact the
20 VIC. Under the SEEM framework, the non-firm energy purchased and sold in 15-
21 minute schedules would offset the imbalance caused in part by solar ramping up in

1 the mornings and ramping down in the evenings, and these purchases would be
2 available at a cost lower than the ramp available on the DESC system. Ramping
3 and balancing can be accomplished by a non-firm resource. In contrast, the VIC
4 results from the need for additional firm operating reserves caused by additional
5 non-firm and intermittent solar resources and not for intra-hour balancing. Because
6 this requirement for additional reserves results from the intermittent nature of solar-
7 only resources, only dispatchable resources that are firm and predictable can reduce
8 the VIC by providing the necessary reserves for safe and reliable operation of the
9 Company's electric system. The SEEM involves non-firm energy and transmission
10 reservations in 15-minute schedules and, thus, cannot provide the necessary reserves
11 for reliable operations. As a result, the SEEM cannot reduce the VIC on the DESC
12 system as defined in the current and previous avoided cost docket. The SEEM will
13 reduce the cost of balancing the system but that is not a component of the VIC.

14 RFP PROCEDURE

15
16 **Q. WHAT IS YOUR RESPONSE TO THE RECOMMENDATION THAT DESC**
17 **SHOULD BE REQUIRED TO PROCURE NEW RENEWABLES USING AN**
18 **RFP PROCESS?**

19 A. I respectfully disagree with any suggestion that an RFP process should be
20 considered or implemented as part of this proceeding. As discussed by Company
21 Witness Kassis, the purpose of this proceeding is to determine DESC's avoided

1 capacity and energy costs and related matters. At minimum, LEI's suggestions
2 concerning the RFP scope, allowed participants, the requirement for an independent
3 evaluator, and guidance the utility would be allowed to provide are not appropriate
4 in this case.

5
6 **Q. DOES THIS CONCLUDE YOUR RESPONSIVE TESTIMONY?**

7 **A. Yes.**